

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00
COME-00 EPG-02 DODE-00 EB-07 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06
OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 FEA-01
CU-02 /101 W

-----061024Z 080974 /17

R 060843Z JUN 77

FM USLO PEKING

TO SECSTATE WASHDC 7934

INFO AMEMBASSY BONN

AMCONSUL HONG KONG

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E.O. 11652: N/A

TAGS: ECON CH FRG US

SUBJ: SALE OF FRG PETROCHEMICAL INSTALLATION TO PRC

1. TWO FRG FIRMS HAVE SIGNED DURING THE PAST WEEK LARGE CONTRACTS FOR ADDITIONS TO THE PEKING PETROCHEMICAL PLANT. THE FIRM OF LURGI WILL CONSTRUCT A PLANT FOR THE PRODUCTION OF TEREPHTHALLIC ACID (PTA) USING A PROCESS TO BE PROVIDED UNDER LICENSE BY AMOCO (STANDARD OIL OF INDIANA). THE FEEDSTOCK WILL BE PARAXYLENE PRODUCED IN THE PLANT ALREADY SOLD BY UNIVERSAL OIL PRODUCTS. THE CONTRACT IS VALUED AT DM 60-70 MILLION (\$25-29 MILLION). THE SECOND PLANT, WORTH DM 30 MILLION (\$12 MILLION) IS TO BE BUILT BY ZIMMER AND WILL PRODUCE POLYESTER FIBER AND FILM. GERMAN AND AMERICAN TECHNICIANS ARE TO RESIDE AT THE SITE, WITH THE FIRST GROUP OF GERMANS ARRIVING IN JULY.

2. A DELEGATION FROM STANDARD OIL OF INDIANA IS IN PEKING

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NOW AND HAS JUST SIGNED ITS CONTRACTS FOR THE REQUIRED LICENSING ARRANGEMENTS. COMPANY REPRESENTATIVES TOLD US THAT THE TOTAL VALUE OF THE STANDARD OIL PORTION OF THE CONTRACT IS \$6.75 MILLION, WITH CASH PAYMENT SPREAD OVER FOUR AND ONE HALF YEARS. THEY ESTIMATE THAT ENTIRE PROJECT SHOULD BE COMPLETED WITHIN THREE AND ONE HALF YEARS. CHINESE TECHNICIANS WILL BE

TRAINED BY THE COMPANY IN THE US.

3. NEGOTIATIONS FOR THESE PLANTS WERE BEGUN IN 1972 AND HAVE BEEN HELD ON AND OFF SINCE THEN. IN JUNE OF LAST YEAR NEGOTIATIONS WERE NEARING COMPLETION, BUT WERE SUDDENLY BROKEN OFF AND NOT RESUMED UNTIL LATE IN THE YEAR. THE BRITISH FIRM OF SIMON-CARVES HAD ALSO BEEN BIDDING ON THE CONTRACTS BUT DROPPED OUT OF NEGOTIATIONS RECENTLY BECAUSE ITS PRICES AND TERMS WERE NOT COMPETITIVE.

4. THESE ARE THE FIRST WHOLE-PLANT PURCHASES BY THE PRC IN OVER A YEAR. WHILE WE DO NOT THINK IT LIKELY THAT A LARGE-SCALE RESUMPTION OF THE IMPORT OF COMPLETE PLANTS WILL BEGIN BEFORE NEXT YEAR, THESE CONTRACTS INDICATE THAT THE PRC IS AGAIN IN THE MARKET FOR FOREIGN PLANTS AND IS NOW ABLE TO MAKE DECISIONS RELATING TO THE LARGE-SCALE IMPORT OF FOREIGN TECHNOLOGY.
DEAN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SALES, CHEMICALS, INDUSTRIAL PLANTS, CONTRACTS
Control Number: n/a
Copy: SINGLE
Sent Date: 06-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
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Expiration:
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Format: TEL
From: PEKING
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770687/aaaacygj.tel
Line Count: 81
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Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
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Original Classification: LIMITED OFFICIAL USE
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Original Previous Handling Restrictions: n/a
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TAGS: ECON, CH, GE, US
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